

# **EXHIBIT AH**

# **[PUBLIC VERSION]**

1 Page 1

2 IN THE UNITED STATES DISTRICT COURT

3 FOR THE DISTRICT OF WYOMING

4 CUSTODIA BANK, INC.,

5 Plaintiff,

6 vs.

No.

7 FEDERAL RESERVE BOARD OF

22-cv-00125-SWS

8 GOVERNORS and FEDERAL RESERVE

9 BANK OF KANSAS CITY,

10 Defendants.

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14 CONFIDENTIAL

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18 CONFIDENTIAL DEPOSITION OF CHRISTI

19 MAY-ODER, a Witness, taken on behalf of the Plaintiff  
20 before Kelsey Robbins Schmalz, CSR No. 1571,  
21 CCR No. 1148, RPR, pursuant to Notice on the 19th of  
22 October, 2023, at the Federal Reserve Bank of Kansas  
23 City, 1 Memorial Drive, Kansas City, Missouri.

1 any additional information.

2 Q. So I'll represent to you just to save  
3 some time they applied for their master account in  
4 October of 2020, so assuming that that's true, how  
5 long did it take to do the credit and risk management  
6 assessment for Custodia?

7 A. So early on based off the information  
8 that we had initially, we didn't have much to go on,  
9 and so -- so we could have ended our review very,  
10 very early on because we -- they didn't have a lot of  
11 the documentation that we needed in order to assess  
12 some of these areas, so that's why there was such a  
13 prolonged time in working with them to go back to  
14 them to request information that we needed in order  
15 to do our assessment.

16 Q. And my question is when you went back  
17 to them, they gave you the information you requested,  
18 didn't they?

19 A. They could give us some of the  
20 information that we needed, but in a lot of cases it  
21 was not complete or to the extent that we needed it  
22 to be in.

23 Q. So back to my question. How long did  
24 it take to finish the credit and risk management  
25 assessment on Custodia? Give me a time frame. When

1                   was it done to the best of your ability?

2                   A.        So we were probably at a point and  
3                   then they decided to apply for membership  
4                   application, and so then our work was -- became -- a  
5                   lot of what they started to look at through the  
6                   membership application we could also use from a  
7                   master account, so -- so I would say -- I mean, we  
8                   could have made a decision at that point, but then  
9                   when they decided to apply for a membership, we  
10                   didn't -- we wanted to wait to see if there was  
11                   anything that came out of that membership that would  
12                   help move them to a different tier, so there were  
13                   various points along the way that we could have just  
14                   ended our review.

15                   Q.        My question is very simple. When did  
16                   you finish your review? When did it get done where  
17                   you could go back in and decide what risk rating, you  
18                   know, follow your policy? When did you finish that  
19                   review?

20                   MR. MICHAELSON: Objection. Form.

21                   A.        We made a decision, then, around the  
22                   end of 2022.

23                   BY MR. ORTIZ:

24                   Q.        So your testimony is it took you from  
25                   October of 2020 until the end of 2022 to simply do

1 time you're making these notes in November that  
2 you're going to deny the master account application  
3 from your perspective?

4 MR. MICHAELSON: Objection. Form.

5 A. A decision had not been made.

6 BY MR. ORTIZ:

7 Q. But I think what you told me was if  
8 the Board of Governors granted membership, then you  
9 were probably going to look at it differently about  
10 granting a master account, correct?

11 A. It would have moved them into a  
12 different tier.

13 Q. Sure. And you were told that you  
14 wanted to be in step and in -- you didn't want to be  
15 inconsistent with what the Board of Governors did on  
16 membership in regard to your master account  
17 determination, correct?

18 MR. MICHAELSON: Objection. Form.

19 A. No. We never said there was anything  
20 about being inconsistent. We had conducted our  
21 review from a master account perspective, but we were  
22 waiting to see if -- what the outcome of the  
23 membership was to see if we needed to reconsider the  
24 risk that they posed to the system moving into a  
25 Tier 2.

1 Mullins to you and others. It looks like -- is this  
2 something you're sending with Custodia five-year  
3 projections to someone, or have you maybe asked for  
4 five-year projections from Andrea Mullins and she's  
5 sending them to you?

6 A. It looks like she's sending them to  
7 me.

8 Q. Maybe so you could send them to  
9 Mary-Francis?

10 A. Possibly. I don't recall here.

11 (May-Oder Exhibit No. 810 was marked  
12 for identification.)

13 BY MR. ORTIZ:

14 Q. I'm going to hand you what we've  
15 marked as Exhibit 81, Date No. 13603. This is  
16 July 14th, 2022, and your commenting back to Andrea,  
17 This is very interesting and helpful to have you  
18 included in those discussions with the Board. I do  
19 think it would be helpful to talk through this  
20 personal scenario more.

21 And it says Chris plans to schedule  
22 some time for the three us and Suzee to discuss and  
23 do brainstorming around pros and cons depending on  
24 yes/no decision.

25 If you're involved in this, this is

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1 all dealing with master account decisions, isn't it?

2 MR. MICHAELSON: Objection. Form.

3 A. So during the membership review -- let  
4 me back up. Andrea Mullins was our point person on  
5 the master account review. When the membership  
6 application reviewed kicked, we did ask her to stay  
7 plugged into that review from a master account  
8 perspective, and so there, I believe, were periodic  
9 touch points with the Board on membership review  
10 because, again, that's a board-delegated function,  
11 and so I did ask Andrea to sit in on those  
12 discussions just so she had a better understanding of  
13 what was going on from a membership standpoint that  
14 might help inform where we ends up on the master  
15 account.

16 Q. So when we look back at those  
17 documents months later when you said there was  
18 sharing back and forth between membership and master  
19 account, it's not the application materials, is it,  
20 because you're already sharing all that information  
21 in the summer of 2022, agree?

22 MR. MICHAELSON: Objection. Form.

23 A. I'm not following what you're asking.

24 BY MR. ORTIZ:

25 Q. Well, what you're sharing in the

1 summer of 2022 and having Andrea get involved with  
2 the Board and looking at this, it sounds like you're  
3 saying we're sharing information about membership and  
4 the master account; is that right?

5 MR. MICHAELSON: Objection. Form.

6 A. I am asking Andrea to sit in on those  
7 conversations with the Board that they are having  
8 regarding the membership, but her role on those calls  
9 was not to share information from a master account  
10 perspective. As I've indicated before, the  
11 membership review helped inform where we might end up  
12 ultimately with the master account decision. So her  
13 role was not to share information with the Board on  
14 the master account.

15 (May-Oder Exhibit No. 82 was marked  
16 for identification.)

17 BY MR. ORTIZ:

18 Q. Here's Exhibit 82, exchange between  
19 you and Judith Hazen. This is July 27th, 2022, and I  
20 want to have you decipher for me what that means in  
21 the middle of the page where it says, My observation  
22 is that this document aligns with Asad's comments on  
23 our last meeting that board staff would be briefing  
24 the principals on key questions with an eye toward  
25 whether a bespoke framework for supervising Custodia

1 MR. MICHAELSON: Objection. Form.

2 A. So, again, Andrea was part of this --  
3 we wanted her to stay tuned in to what was happening  
4 on the membership examination. The membership  
5 examination, the Board is heavily involved in that  
6 decisions, so that's what this references, that they  
7 did not want to have any misinformation about the  
8 Board's involvement on the master account standpoint,  
9 because -- but they are clearly involved on the  
10 membership side, so that's why that was -- they  
11 wanted to make sure that there was a clear  
12 distinction between the Board's involvement on the  
13 membership versus the master account access.

14 Q. Well, why was she disappointed at this  
15 removal if this was simply dealing with membership?  
16 Do you have any idea?

17 A. Because the pre-membership review,  
18 there was a lot of overlap in the information that we  
19 would look at from the master account standpoint, so  
20 we were trying to reduce duplication of asks of  
21 Custodia by coordinating the requests for  
22 information.

23 Q. By this time because of litigation or  
24 threatened litigation, were lawyers basically  
25 scrutinizing every document that was being drafted

1 BY MR. ORTIZ:

2 Q. So what he says, Ben, at this time  
3 I've been asked to see if you could help us make sure  
4 we are not getting out of sync with the membership  
5 side. We do not want to contradict one another.

6 Are you the one that gave the  
7 directive to Chris Gaul-Pearson to talk to Ben about  
8 this, don't contradict what the membership decision  
9 is.

10 MR. MICHAELSON: Objection. Form.

11 A. So where are you seeing that?

12 BY MR. ORTIZ:

13 Q. Take a look where it says, Nancy,  
14 could you add context to the capital section,  
15 specifically highlighting capital issues with SPDIs  
16 and Custodia in particular. If possible, could you  
17 also indicate which issues are curable versus those  
18 that are not or may not be curable?

19 Ben, at this time I've been asked to  
20 see if you could help us make sure we're not getting  
21 out of sync with the membership side. We do not want  
22 to contradict one another, and there may be  
23 additional asks by Judith for assistance with the  
24 memo but nothing specific.

25 A. So going back to the pre-membership

1 review, so a lot of the same areas are reviewed and  
2 assessed that also apply to a master account, and so  
3 there is some overlap in the reviews that were being  
4 done, so we wanted to make sure that our analysis of  
5 those reviews were consistent.

6 Q. To be fair to you, ma'am, this is  
7 specifically dealing with Custodia recommendation  
8 memo, so this would have nothing to do with anything  
9 other than the recommendation to Esther George  
10 whether to deny or give a master account. That's the  
11 only possible context of not contradicting the  
12 decision on the membership side, agree?

13 MR. MICHAELSON: Objection. Form.

14 A. From my perspective, I think it was  
15 more around how we were framing up the risks that  
16 were applied to both and the consistency around that,  
17 because in those recommendation memo that we sent to  
18 Esther on the master account, it outlined all the  
19 risks that Custodia posed to the Reserve Bank and to  
20 the payment system.

21 BY MR. ORTIZ:

22 Q. Since I haven't been provided that, I  
23 can't tell you whether that's true or not what you're  
24 telling me, but I just want to know for the record,  
25 you're saying this has nothing to do with not